



Health Insurance Exchange

Preserving Idaho's Options

August 22, 2011



Impetus of Healthcare Reform

- Decades of continuous cost escalation threatens healthcare coverage for citizens. In 2010, 31% of Idahoans 18-34 years old did not have health insurance.
- Without insurance, access to healthcare is limited and quality of life is diminished.
- Current insurance pools for individuals and small businesses insure more people with health problems, resulting in higher claims, premiums and admin. costs, while offering poor value.
- Current system is unsustainable, both at state and federal level.



National Healthcare Initiative

Areas of Reform

	<u>Effective Date</u>
1. Pre-existing Conditions (Children)	9/23/2010
2. Lifetime Benefit Limits	9/23/2010
3. Coverage of Prevention Services	9/23/2010
4. Dependent Child Age Limit	9/23/2010
5. Insurance Co. Admin Costs	1/01/2011
6. Insurance Exchange (Certification)	1/01/2013
7. Expansion of Medicaid	1/01/2014
8. Mandate to be Insured	1/01/2014



Health Insurance Exchange Basics

- Exchange allows individuals and small businesses the same economies of scale of large businesses by pooling:
 1. Risk
 2. Market leverage
 3. Transaction costs
- Assists eligible individuals to receive premium tax credits or coverage through Federal or State health care programs, such as Medicaid.



Two Components of an Exchange

1. Medicaid

Low-income Idaho citizens will use web-enabled exchange to enroll in a benefit plan.

2. Competitive Marketplace Exchange

Provides individual/small business easy comparison of price, benefit package, service, quality.



Medicaid Portion of Exchange is Mandated

- All states must develop eligibility interface, which will serve all Medicaid applicants.
- Idaho cannot ignore the requirement, or the State risks the loss of federal funding in both Medicaid and TANF programs. Current Medicaid SFY 2012 appropriation is \$1.8 billion, which includes \$1.2 billion federal funds.
- Medicaid Advanced Planning document process is underway, will have 90/10 participation.



Idaho's Competitive Marketplace Exchange

1. State Exchange: Idaho has federal authority to develop a State-controlled exchange. Default is a federally controlled exchange.
2. Federal planning and implementation grants for an Idaho exchange require no state match.

Exchange must be operational by 1/1/2014



Advantages of a State Controlled-Exchange

- Allows Idaho to decide which insurance carriers participate to assure more competition and choice.
- State can encourage citizens to purchase private policies and not enroll in Medicaid.
- State can maximize premium tax revenue.
- DHW can leverage expensive system upgrades for other programs, such as SNAP.
- This option is less expensive for state since common architecture reduces expense under Medicaid compliance module.



Sept. 30th Grant Deadline

- Idaho Exchange grant opportunity will not be available again until Dec. 30th.
- If state does not meet Sept. grant deadline, time is lost, making it impossible to certify project by January 2013 deadline.
- Without grant, Idaho will be forced to accept federal exchange.



Update

- HHS issued proposed rules for the Implementation of an HIE (July 11, 2011)
- HHS issued proposed rules for the Medicaid Program – Eligibility Changes (August 11, 2011)
- Department of the Treasury issued proposed rules regarding Premium Tax Credits (August 11, 2011)

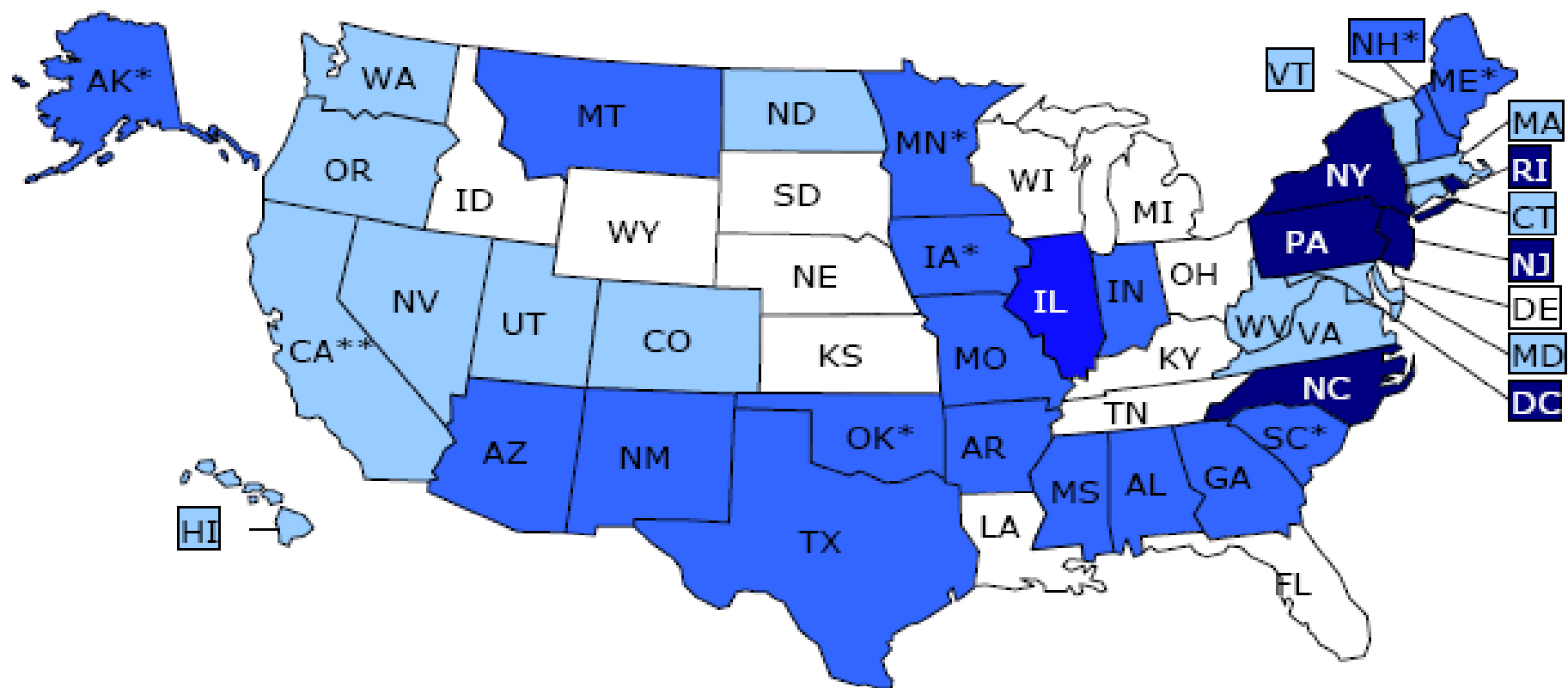


Update (Continued)

- Federal Health Insurance Exchange will be in place and operational by January 2014
 - Provide coverage in states that have not implemented an exchange or...
 - Not met certification requirements by 1/1/2013

Health Insurance Exchange Establishment Legislation

July 2011



- Introduced Legislation Pending for 2011 Session
- Passed Legislature, to Governor
- Did not Pass in 2011
- Enacted Exchange Establishment
- No 2011 Legislative Action to Establish an Exchange



Other States' Early Cost Estimates

	Totals
Washington (2011-2014)	\$99,106,669
Kansas (2 year)	\$62,685,543
Wisconsin (2010-2013)	\$49,507,526

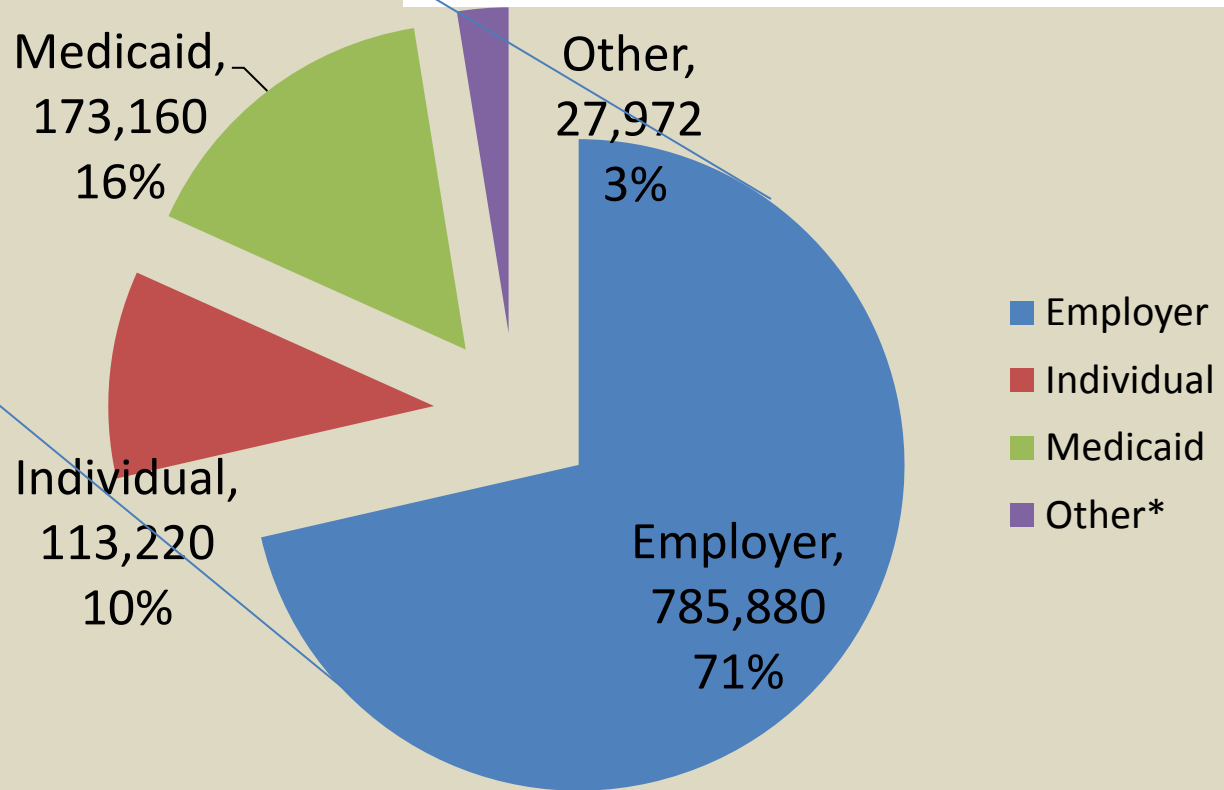
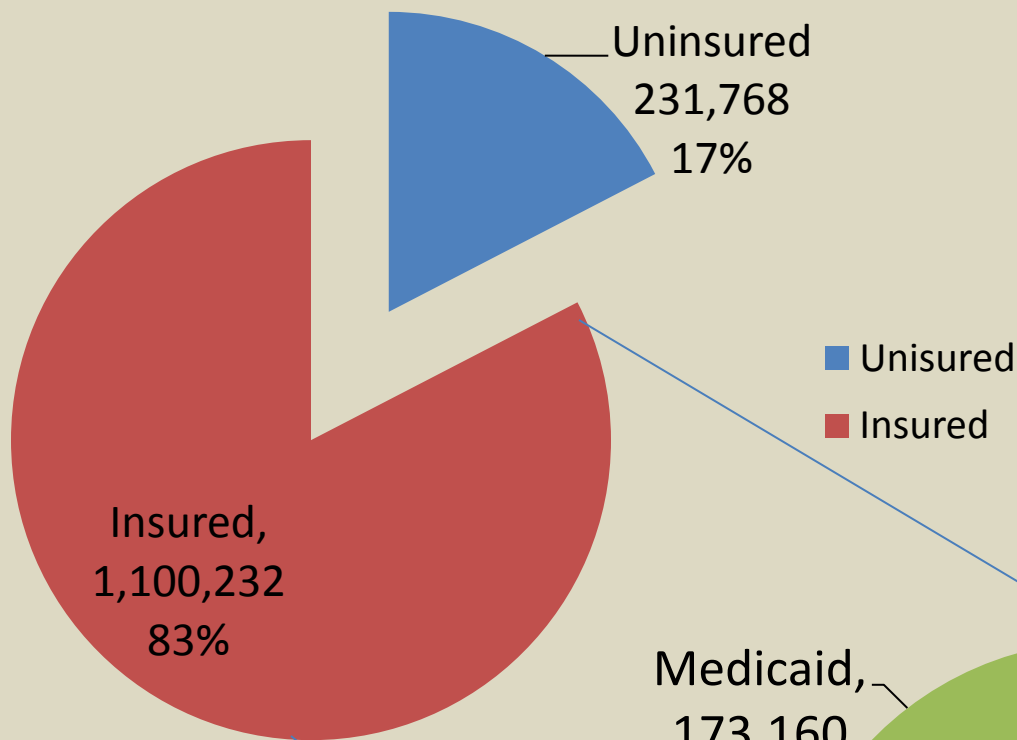
Idaho's Estimate = \$40,000,000



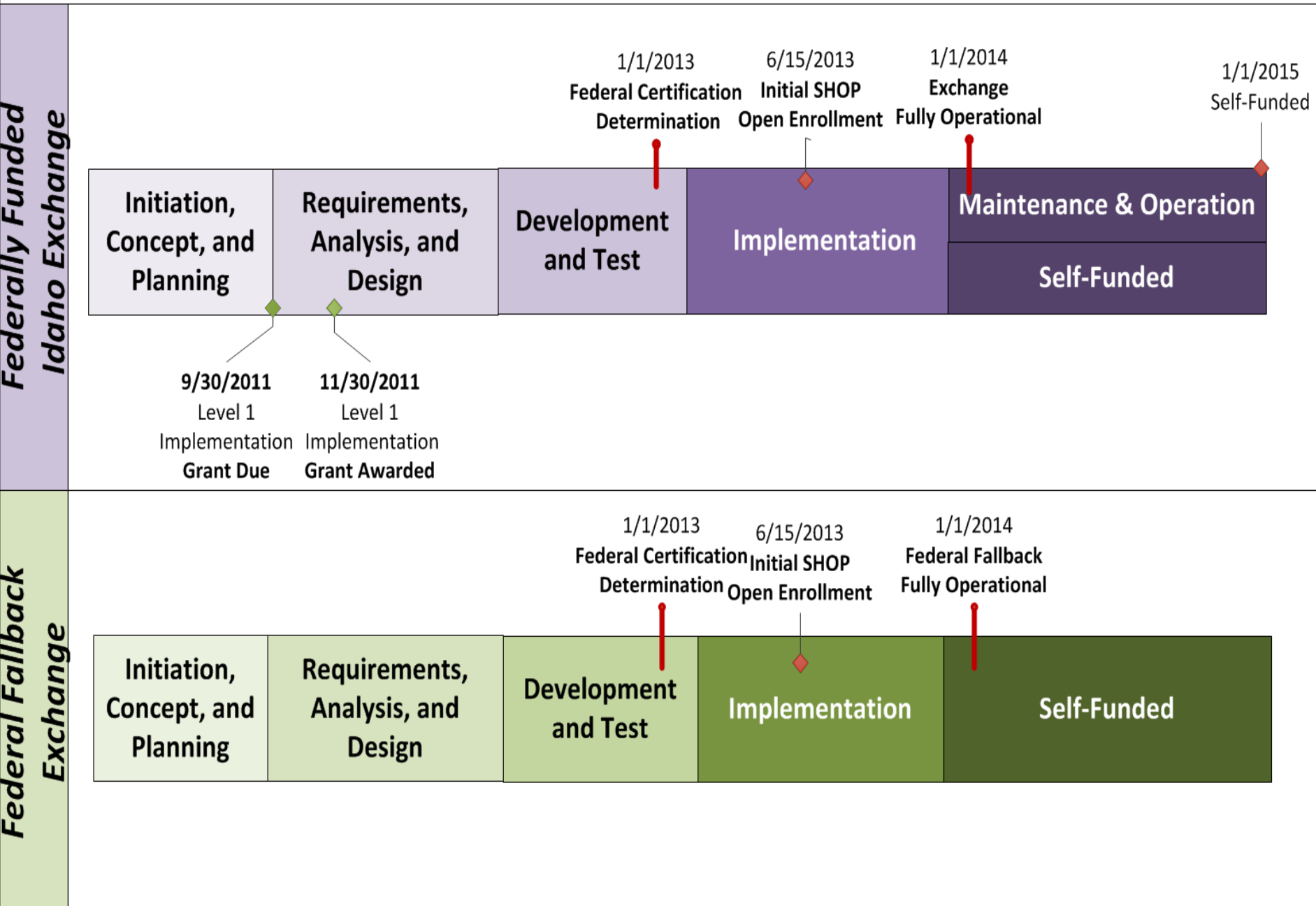
Planning Phase Update

- Planning for Idaho's Health Insurance Exchange is in progress and focused on:
 - Stakeholder Input
 - Background Research
 - Legislative
 - Program Integration with Medicaid and CHIP
 - IT Systems
 - Project Plan

Idaho Health Insurance Coverage of the Nonelderly



Idaho Controlled Exchange vs. Federally Controlled Exchange Timeline





Bottom Line

- If by 1/1/2013 Idaho does not demonstrate that it will be ready to run a certified Exchange by 1/1/2014, the federal government will impose and run an Exchange in the state.



Proposal:

Preserve Idaho's Options

1. Apply for funding for Idaho Exchange.
 - Submitting grant application does not lock Idaho into building a Competitive Market Exchange.
 - Securing grant allows Idaho time to make decisions.
2. Wait for lawmakers to decide options for Idaho Exchange.
3. Return/Accept funding for Idaho Exchange based on state decisions.
4. By not meeting grant application deadline, Idaho forfeits opportunity to decide on exchange.